

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER:  
04-004

2. STATE  
Kentucky

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE  
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE  
07/09/04

5. TYPE OF PLAN MATERIAL (*Check One*):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:  
42 CFR 431.10

7. FEDERAL BUDGET IMPACT:

a. FFY 2004 \$0  
b. FFY 2005 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 1.2-A pages 1, 2  
Attachment 1.2-B pages 1-9  
Attachment 1.2-C pages 1-6  
Attachment 1.2-D page 1

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (*If Applicable*):

Attachment 1.2-A pages 1, 2  
Attachment 1.2-B pages 1-15  
Attachment 1.2-C pages 1-8  
Attachment 1.2-D page 1

10. SUBJECT OF AMENDMENT:  
Reorganization

11. GOVERNOR'S REVIEW (*Check One*):

- ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT  
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

X OTHER, AS SPECIFIED: Review delegated  
to Commissioner, Department for Medicaid  
Services

12. SIGNATURE OF STATE AGENCY OFFICIAL:

*Shannon Turner / JM*

13. TYPED NAME: Shannon Turner

14. TITLE: Deputy Commissioner, Department for Medicaid  
Services

15. DATE SUBMITTED: 9/30/04

16. RETURN TO:

Department for Medicaid Services  
275 East Main Street 6W-A  
Frankfort, Kentucky 40621

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:  
September 30, 2004

18. DATE APPROVED:  
November 1, 2004

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
July 9, 2004

20. SIGNATURE OF REGIONAL OFFICIAL:

*Mary Lee Jenkins for Renard Murray*

21. TYPED NAME:  
Renard L. Murray, D.M.

22. TITLE: Associate Regional Administrator  
Division of Medicaid & Children's Health

23. REMARKS:

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ORGANIZATION AND FUNCTION OF THE STATE AGENCY

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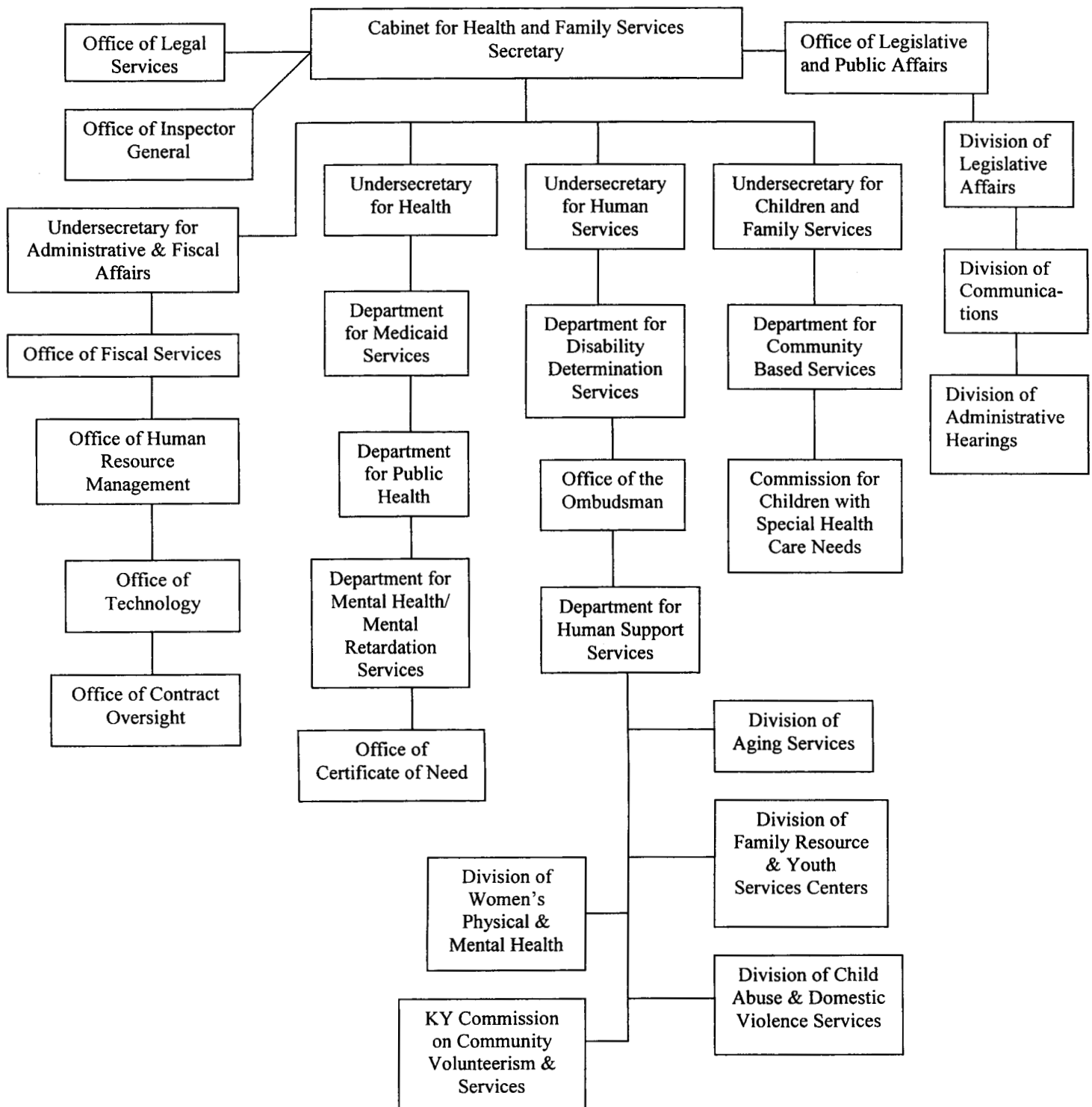
The Cabinet for Health and Family Services is the primary agency in state government responsible for the development and operation of health programs, including all federal programs in which the Commonwealth elects to participate. The Secretary of the Cabinet is the chief executive and administrative officer of the Cabinet for Health and Family Services.

The Secretary of the Cabinet for Health and Family Services has supervisory authority over the Department for Medicaid Services, which is the Single State Agency. The Commissioner for Medicaid Services directs the operation of all Divisions and functions within the Department, and has the authority to exercise administrative discretion in the administration or supervision of the Medicaid program, including the issuance of policies, rules, and regulations on program matters. The Cabinet Secretary is responsible for determining that the Commissioner's exercise of authority is in compliance with general state executive policy.

The Department for Community Based Services, within the Cabinet for Health and Family Services, makes eligibility determinations as shown in Attachment 1.2-D.

The following chart illustrates the organizational structure and functional relationships of the Cabinet for Health and Family Services.

Cabinet for Health and Family Services



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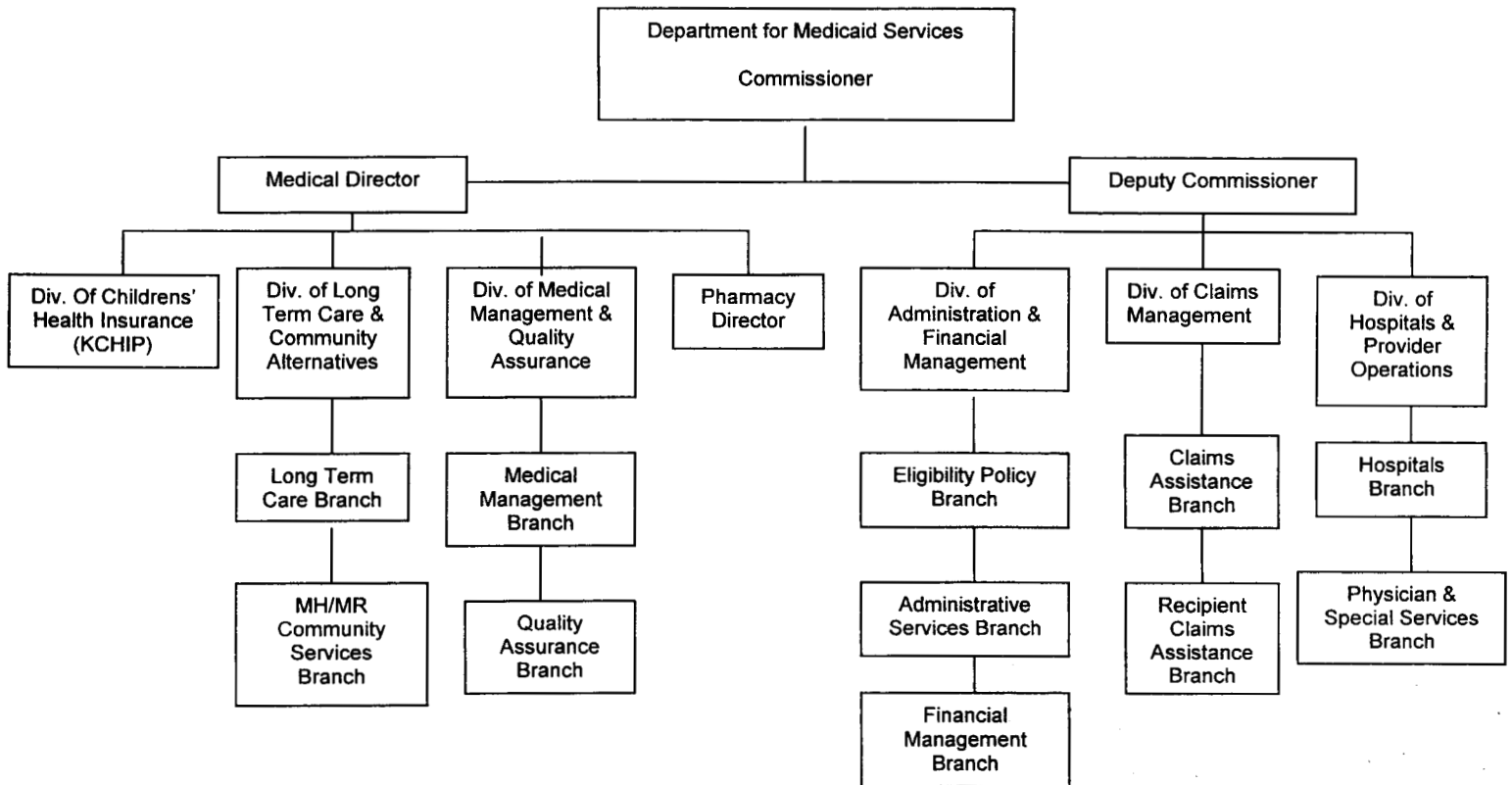
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The Department for Medicaid Services is the Single State Agency in the Commonwealth to administer Title XIX of the federal Social Security Act. The Commissioner for Medicaid Services exercises authority over the Department under the direction of the Secretary of the Cabinet for Health and Family Services and performs those functions delegated by the Secretary.

The Secretary of the Cabinet has delegated to the Department for Medicaid Services, line organizational responsibilities as the medical assistance unit within the government of the Commonwealth of Kentucky. Accordingly, it is the organizational unit responsible for administration of Medicaid programs and payments for vendor services provided to eligible recipients in the program under the direct supervision of the Secretary of the Cabinet for Health and Family Services.

The following chart illustrates the organizational structure and functional relationships of the Department for Medicaid Services.



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I. ORGANIZATIONAL DESCRIPTION

The organizational structure of the Department for Medicaid Services consists of a commissioner, deputy commissioner, medical director, pharmacy director, and six (6) divisions. Each division director assumes specific responsibility in one of the following divisions: Children's Health Insurance (KCHIP), Long Term Care and Community Alternatives, Medical Management and Quality Assurance, Administration and Financial Management, Claims Management, and Hospitals and Provider Relations.

Each director utilizes professional and clerical staff specializing in specific program areas.

II. FUNCTIONS OF THE UNIT

The Department for Medicaid Services is directly concerned with administration of all aspects of the Program (excluding the eligibility determinations function) and with attaining its objectives. It is responsible for promoting and administering the provision of a continuum of high quality comprehensive services to indigent citizens of the Commonwealth of Kentucky so as to improve their health care. There is a further responsibility for the Department to promote efficiency in assuring the availability and accessibility of facilities and resources, particularly in rural and urban poverty areas where shortages of health resources prevail. To be effective in these respects, it is essential for the Department to have a unified philosophy, clearly defined goals, and sufficient authority to carry out its responsibilities. As the organizational unit administering the Medicaid program, the Department is responsible for developing, recommending, and implementing policies, standards, and procedures relating to benefit elements.

A. Functions and responsibilities of the Department include, but are not limited to, the following:

1. Certifying the need of recipients for Medicaid;
2. Issuing authorizations for provision of Medicaid;
3. Certifying the provision of medical care in accordance with quality and quantity standards as established;
4. Developing bases and methods of payment for the medical services provided;
5. Certifying vendor billings for compliance with established base of payments;

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6. Developing and implementing a managed care program for the delivery of physical and behavioral health services through Health Care Partnerships and KenPAC;
  7. Redirecting the emphasis of services through managed care toward primary care and prevention while improving accessibility, availability and quality of care for individuals served by Medicaid;
  8. Developing and implementing a capitated non-emergency medical transportation delivery system, excluding ambulance stretcher services; and
  9. All other activities agreed upon jointly by the Advisory Council for Medical Assistance, the Cabinet for Health and Family Services, and the Department for Medicaid Services.
- B. In the course of carrying out the above specifically designated functions and in providing staff assistance to the Advisory Council for Medical Assistance, the Department for Medicaid Services performs other functions, including but not limited to:
1. Developing, implementing, and disseminating policy and procedure material relevant to service benefits;
  2. Preparing and managing the Program budget;
  3. Conducting research analysis and evaluation, and preparing special reports on the findings thereof;
  4. Conducting provider and recipient utilization review for use as a control technique in the enforcement of quality and quantity standards;
  5. Establishing and maintaining a data base for the generation of statistics necessary for the operation and management of the program;
  6. Maintaining a complete system of claims processing;
  7. Determining recipient qualifications for specific service benefits;
  8. Verifying recipient eligibility and certifying provider payments;
  9. Providing oversight of the managed care program for the delivery of physical and behavioral health services;
  10. Providing oversight of the capitated non-emergency medical transportation delivery system;
  11. Assisting the Advisory Council, the Technical Advisory Committees, and other special committees as they carry out their assignments; and
  12. Administering a quality improvement program to monitor and evaluate the health and health outcomes of members.
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III. MISSION STATEMENTS FOR DIVISIONS AND SUBORDINATE UNITS

A. OFFICE OF THE COMMISSIONER

The Office of the Commissioner, Department for Medicaid Services, subject to the supervision and approval of the Secretary of the Cabinet for Health and Family Services, carries the responsibility for overall administration and direction of the Kentucky Medicaid Program. This office provides the principal liaison between the Office of the Secretary and Divisions within the Department. It is also responsible for directing the coordination of program activities with those of related programs of other state and federal agencies. The Office of the Commissioner is directly responsible for overseeing the Advisory Council for Medical Assistance.

B. DIVISION OF CHILDREN'S HEALTH INSURANCE (KCHIP)

This division is responsible for the program development and reimbursement and oversight functions of the Title XXI Kentucky Children's Health Insurance Program (KCHIP). This division monitors participating providers for compliance with state and federal regulations and their achievement of service access and quality targets and goals, and provides necessary program technical assistance and training to participating providers. In conjunction with the Division of Claims Management, this division ensures that automated provider payment and reporting systems are appropriately updated and revised so as to enforce and support program policies.

C. DIVISION OF LONG TERM CARE AND COMMUNITY ALTERNATIVES

This division is responsible for program development and reimbursement functions of the long term care programs for the Commonwealth of Kentucky. Administration and monitoring of the contract with the Peer Review Organization (PRO) is the responsibility of this division. Coordination of programmatic functions will be conducted through two (2) branches. This division is also responsible for providing program specific technical assistance and expert testimony to and on behalf of the Cabinet and other state agencies (e.g., hearings, legislative testimony, court actions, new program development, remaining abreast of state of the art of the various assigned service areas of responsibility (e.g., Federal



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regulatory changes, marketplace dynamics, service and reimbursement innovations) and recommended program policy, negotiating and monitor assigned provider and department agent contracts, managing the internal operations and administrative functions of the division, and serving as liaison to assigned TACs, committees, councils and citizen's groups.

1. Long Term Care Branch: This branch is responsible for continuing departmental compliance with all applicable federal, state, and local laws and regulations related to long term care facilities. These responsibilities include: continued research and data compilation regarding long term care facilities; amendments to current regulations; amendments to the state plan; reimbursement function of long term care facilities; monitoring of long term care facilities to ensure compliance with program requirements as well as recipient safety and welfare; and any other support necessary for the continuing operation of long term care facilities. Nursing, ventilator, brain injury, and swing beds are the facilities included in the operations of the Long Term Care Branch, as are Home Health services and Hospice.
2. MH/MR Community Services Branch: This branch is responsible for continuing departmental compliance with all applicable federal, state, and local laws and regulations related to long term care programs. These responsibilities include: research and compilation of data related to existing and potential long term care programs; development, amendment, and renewal of waiver programs; drafting and submitting state plan amendments and administrative regulations; drafting and issuing long term care program manuals; reimbursement functions of long term care programs; monitoring of long term care providers to ensure compliance with program requirements as well as recipient safety and welfare; and any other support necessary for the implementation and operation of long term care programs. Programs operated under this branch include: Home and Community Based Waiver, Model II Waiver, Adult Day Care, Community Mental Health Centers, SCL Waivers and contract oversight, Targeted Case Management for Adults, Targeted Case Management for Children, Impact Plus, ICF-MR, and Acquired Brain Injury Waiver.

D. DIVISION OF MEDICAL MANAGEMENT AND QUALITY ASSURANCE

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TN No.: 04-004  
Supersedes  
TN No.: 01-20

Approval Date: NOV 01 2004

Effective Date: 7/09/04

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This division will identify recipients who need medical management of their illnesses and assist providers in improving clinical outcomes, improving quality standards and providing the best care in an cost effective manner. There are two branches in this division.

1. Medical Management Branch: This branch will focus on activities for managing the health care needs of the Medicaid population by implementing disease management, case management and effective utilization management.
2. Quality Assurance Branch: This branch will focus on quality of care and quality outcomes, improving care and service for Medicaid recipients.

E. DIVISION OF ADMINISTRATION AND FINANCIAL MANAGEMENT

This division is the Department's financial analysis and budget office, and has responsibility for formulation and monitoring of the Medicaid budget, preparation and distribution of statistical data and activities.

1. Administrative Services Branch: This branch is responsible for the state plan and regulation system. This branch coordinates and maintains the Title XIX State Plan, provides administrative regulation coordination, legislation coordination, monitors the development of the intranet and the resource library, and processes all open records requests. This branch also reviews appropriate media to identify federal or state policy changes and program actions and refers issues to appropriate program divisions.
2. Eligibility Policy Branch: This branch is primarily responsible for eligibility policy monitoring systems. This branch coordinates and maintains policy analysis, program research, program development regarding eligibility, establishes Medicaid third party liability policy as related to eligibility processes, provides technical assistance to the department and external agencies pertaining to eligibility criteria and systems, and ensures that internet resources related to eligibility are updated as needed.
3. Financial Management Branch: This branch oversees the Department's administrative and benefit budgets, as well as all financial transactions of the Department. Contract development